

From: Justin Cohen
To: Linc Wehrly
Cc: Karl Simon
Subject: Mercedes diesels get first diesel tax credits (Detroit News)
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Hi Linc,

Remember that MB BlueTEC press release Pat asked us to provide a quote for? They gave Margo a heads-up it was going out yesterday, and I see it's already getting some play in the Detroit News.

<http://www.detnews.com/apps/pbcs.dll/article?AID=/20080916/AUTO01/809160457/1148>

Mercedes diesels get first diesel tax credits

David Shepardson / Detroit News Washington Bureau

WASHINGTON -- Mercedes-Benz has won the first consumer tax credits for diesel vehicles, winning credits for three models that go on sale Oct. 1

The Internal Revenue Service awarded the Daimler AG unit credits for the ML 320 BlueTEC, R 320 BlueTEC, and GL 320 BlueTEC.

The Environmental Protection Agency certified to the IRS that the Mercedes-Benz BlueTEC vehicles meet new 50-state strict emission requirements, a status previously granted to hybrid-electric natural gas, and propane fueled vehicles under the Qualified Alternative Motor Vehicle Credit, passed by Congress in 2005.

"Diesel passenger vehicles are one important piece of the future technology puzzle," said Margo Oge, Director of EPA's Office of Transportation and Air Quality. "Clean diesel is a viable, efficient technology to help improve our air quality and energy security."

Buyers of the ML 320 BlueTEC can a \$900 tax credit; the purchasers of the R320 BlueTEC can get a \$1,550 tax credit, and the GL 320 BlueTEC qualifies for up to \$1,800 tax credit depending on their individual tax status.

The vehicles, which are the first diesel passenger vehicles to meet all 50 state emissions requirements and get up to 600 miles to the tank.

J.D. Power and Associates has forecast that diesels will account for 14 percent of the U.S. auto market in 2017, up from 3 percent today, driven by high fuel price and strict tailpipe emissions limit.

In Europe, diesels account for about half of all auto sales, in large part because of higher taxes on traditional gas-powered vehicles.

But diesels face significant hurdles in the United States. There is far less refining capacity and diesel fuel averages \$4.06 a gallon, up \$1.14 over the last year, according to the Energy Information Agency. Unleaded gasoline prices average \$3.64 a gallon.

Although they are more costly to produce, diesel engines get about 25 percent better mileage than traditional gas-powered engines. Automakers see diesel as a key part in meeting a new federal requirement that will boost fleetwide fuel efficiency by 40 percent to 35 miles per gallon by 2020.

Volkswagen AG, BMW AG, Honda Motor Co, and Nissan Motor Co. are bringing new diesel vehicles to market in the United States.

BMW will market a diesel X5 SUV and a 3 Series sedan starting next month. Acura will begin selling a diesel version of its new TSX in 2010. Nissan will bring a diesel version of its redesigned Maxima to market in 2010.

Volkswagen of America as introduced diesel versions of the Jetta later this year -- a sportwagon and sedan. Chrysler LLC is introducing a new Jeep Grand Cherokee using the Mercedes Bluetech engine next year. It plans to unveil a diesel Dodge Ram and two-mode hybrid diesel Ram in the next few years.

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